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A JOINT CENTER OF COLUMBIA LAW SCHOOL AND THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Polish multinationals go beyond Europe

Report dated June 14, 2012

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Warsaw and New York, June 14, 2012:

The Institute for Market, Consumption and Business Cycles Research (IBRKK), Poland, and the Vale Columbia Center on Sustainable International Investment (VCC), a joint center of the Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of a survey on outward investors today.[1] The survey is part of the Emerging Market Global Players (EMGP) Project focused on the rapid global expansion of multinational enterprises (MNEs) from emerging markets. The present survey, conducted in 2011, covers the period 2008-2010.

Highlights

The 25 leading non-financial Polish multinationals ranked by foreign assets (see table 1 below) show nearly USD 12 billion in foreign assets, USD 21 billion in foreign sales[2] and more than 24,000 employees abroad. Slightly over half of foreign assets in table 1 belong to the top-ranked Polish multinational, PKN Orlen, which is also number one in foreign sales. In terms of foreign employment it was overtaken by Asseco, which became the runner-up on the list of Polish investors abroad.

The ranking for 2010 shows changes from the 2009 ranking:[3] some of the firms improved their standings, whereas others slipped down. Moreover, seven new Polish multinationals were added to the list.

The level of internationalization varies among the top 25,[4] but the value of the Transnationality Index (see column headed "TNI" in annex table 1) exceeded 50% only for three of them.

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[1] The survey was conducted and this report prepared by Ewa Kaliszuk, Head of the European Integration Department, Marzenna Błaszczuk-Zawiła, Research Fellow, and Agata Wancio, Research Fellow at the Institute for Market, Consumption and Business Cycles Research. The authors would like to thank Jan Piotrowski and Janusz Chojna from the IBRKK for their useful comments on the report, and Dariusz Sielski for linguistic proofreading.

[2] For several firms, total foreign sales include exports. It has not proved possible to estimate the share of exports in the *total* value of the foreign sales of the top 25.

[3] The previous survey was carried out in 2010 and covered the period 2007–2009. IBRKK-VCC, "Survey on Polish multinationals finds geographic concentration and industrial diversity" (March 31, 2011), available at: http://www.vcc.columbia.edu/files/vale/documents/Poland_3_2011_4.pdf and http://ibrkk.pl/id/109/Projekt_Emerging_Market_Global_Players (each site last visited June 8, 2012).

[4] As not all companies contacted responded to the survey, the 25 multinationals ranked in table 1 below cannot be said to be the largest Polish multinationals in terms of foreign assets. Nonetheless, they are certainly *among* the largest and, as is customary in this project, are referred to in the report as the "top 25."

Table 1. Poland: The top 25 non-financial outward investors, 2010 (USD million)[a]

Rank	Company	Main industry	**Status** (% of state ownership)	Foreign assets
1	Polski Koncern Naftowy Orlen SA (PKN Orlen SA)	Mining, exploration, refining of crude petroleum and natural gas	Listed (27.52%)	6,222
2	Asseco Poland SA	Software and IT services	Listed	1,194
3	Polskie Górnictwo Naftowe i Gazownictwo SA (PGNiG SA)	Exploration, exploitation, storage and distribution of natural gas	Listed (72.43%)	1,149
4	Synthos SA	Chemicals	Listed	619
5	Morpol ASA	Food products (salmon processing)	Listed	505
6	LOTOS SA	Exploitation, refining and distribution of oil-based products	Listed (53.19%)	452
7	Ciech SA	Chemicals	Listed (36.68%)	430
8	Bioton SA	Pharmaceuticals	Listed	293
9	Złomrex SA	Metallurgy	Listed[b]	252
10	Selena FM SA	Building materials	Listed	160
11	Polimex-Mostostal SA	Construction and manufacture of machinery and equipment	Listed	139
12	Koelner SA	Fixings for construction and industry sectors	Listed	135
13	AB SA[c]	IT services and distribution of related products	Listed	100
14	Boryszew SA	Metal, chemical and automotive products	Listed	85
15	KGHM Polska Miedź SA	Mining of non-ferrous metal ores and production of metals	Listed (31.79%)	82
16	Comarch SA	Software and IT services	Listed	54
17	Grupa Kęty SA	Metal products	Listed	24
18	Decora SA	Building materials	Listed	24
19	Fabryki Sprzętu i Narzędzi Górniczych GK "Fasing" SA	Machinery and equipment (for mining, quarrying and construction)	Listed	19
20	Ferro SA	Sanitary and installation equipment	Listed	17
21	Sanockie Zakłady Przemysłu Gumowego "Stomil Sanok" SA	Rubber products	Listed	13
22	Fabryka Farb i Lakierów Śnieżka SA	Building materials (paints and varnishes)	Listed	7
23	Relpol SA	Electromagnetic products	Listed	4
24	Aplisens SA	Testing and measurement equipment	Listed	3
25	Bakalland SA[b]	Food products (nuts and dried fruit)	Listed	3
		Total		**11,985**

Source: IBRKK-VCC research on leading Polish multinationals, 2011.

[a] The exchange rate used is the rate reported by the IMF as of December 31, 2010: USD 1 = PLN 2.9979.
[b] In the case of Złomrex Group, it is not the parent enterprise but one of its subsidiaries that is a publicly traded company.
[c] In the case of AB SA and Bakalland SA data cover a period from July 1, 2010 to June 30, 2011, corresponding to the companies' financial year. Their foreign assets are thus reported as of June 30, 2011.

The ranking includes some state-controlled firms but is dominated by private ones. Both groups received rather modest political or financial support from the state in their global expansion. All the enterprises are listed on a stock market – either domestically or abroad. They had altogether 381 foreign affiliates in 65 different countries, although the vast majority of the firms in question had their assets in Europe and few could be called *global* rather than *regional* players. The most preferred locations were the EU member states, mainly Germany, the Czech Republic, Slovakia, Austria, Lithuania, the United Kingdom and France as well as some countries from the Commonwealth of Independent States (CIS) (especially Ukraine and Russia). However, there was also a perceptible tendency to locate foreign direct investment (FDI) in more distant regions such as the Middle East, South and East Asia.

In terms of value of assets held abroad, their overseas investments primarily went into the mining, exploration and refining industry, then into chemicals and pharmaceuticals, software and information technology (IT) services, and food and beverages. Other industries strongly represented in the ranking include metals and metal products as well as building materials.

Profile of the top 25

- **Major drivers.** The motives of Polish FDI abroad are rather classic, predominantly market and resource seeking or a mixture of them (Morpol). The investment of PKN Orlen in refineries and gas stations in Lithuania, the Czech Republic and Germany is an example of a pure market motive. Access to natural resources continued to be a key strategic driving force for investment in mining and exploration industries and played a crucial role in the expansion of PGNiG (natural gas), LOTOS (crude oil) and KGHM (copper and silver). Proximity to clients is a very significant pull factor, not only for firms manufacturing high-volume goods (Decora – launching of a production plant in Belarus for the Russian and Ukrainian market) with high transport costs, but also for service providers such as IT companies (Comarch).

  Another important driver for foreign expansion indicated by the surveyed companies was the need for improving their cost competitiveness (efficiency seeking). Reducing production costs was an important factor in the case of investment in CIS countries (Śnieżka), with lower energy and material prices, as well as in emerging Asian countries (Ferro), with lower labor costs. Investment in the EU countries, except for Romania, was rarely driven by the labor cost factor as in most EU member states salaries and wages were comparable to or higher than those in Poland. Other motivations include access to advanced technology (purchase of the Italian pharmaceutical company Fisiopharma S.r.l. by Bioton), the acquisition of internationally or domestically established brands (Selena's investment in Latin America and Italy), and the purchase of intangible assets (purchase of Maflow's research and development (R&D) entities in Italy by Boryszew).

- **High concentration** As shown in table 1 above, there is a considerable concentration of foreign assets at the top of the list, which is also typical of other emerging markets monitored in the EMGP Project.[5] The foreign assets of PKN Orlen, Poland's largest MNE, accounted for over half of the total foreign assets held by the 25 companies ranked in table 1. The assets of the second- and third-ranking MNEs represented a further 20% (approximately 10% each), which means that slightly above 70% of foreign assets were controlled by the top three Polish MNEs.

[5] See, for instance, Beatriz Nofal and VCC, "Argentine multinationals remain industrially diversified and regionally focused," Buenos Aires and New York (November 30, 2011), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP-Argentina-Report-2011-Final-30_Nov_11.pdf (last visited June 8, 2012); Institute for Economic Research (IIEc) and VCC, "Striving to overcome the economic crisis: progress and diversification of Mexican multinationals' export of capital," Mexico City and New York (December 28, 2011), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP-Mexico-Report-2011-Final.pdf (last visited June 8, 2012); ICEG European Center and VCC, "MOL Group, the petrol company, continues to lead the ranking of Hungarian multinationals," Budapest and New York (April 16, 2012), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP_Hungary_Report_2011.pdf (last visited June 8, 2012).

Two of the top three are regional leaders in the oil and gas industry, which additionally contributed to a high concentration of assets in terms of industry distribution. The other operates in a very different and more sophisticated sector, i.e., software and IT services.

- **Transnationality Index (TNI)** The average TNI of the 25 companies in the list was 30%, which means that less than a third of their activities were carried out abroad. However, as data on foreign employment were unavailable for five multinationals, the TNI could be properly calculated only for 20 of the top 25. Three companies (Asseco, Morpol, Synthos) stood out for being slightly more active abroad than in Poland. The value of their TNIs slightly surpassed 50%. For the rest of the companies the TNI levels were lower than 50% and varied widely across the group. The TNIs for such firms as PKN Orlen and Selena exceeded 40%, whereas for a few others the TNIs took on extremely low values, not even reaching 10%. In the surveyed group we did not observe any relationship between the degree of internationalization and the specific industries in which Polish companies operate.

- **Location of head offices** The headquarters of all the companies except one (Morpol) are located in Poland. In geographical terms, they are not as concentrated as in many other emerging markets (e.g. Brazil,[6] Chile,[7] and Turkey[8]). Admittedly, the most common single location for establishing headquarters is the Masovian Voivodship[9] (eight), specifically Warsaw, but head offices of the remaining 17 companies are located in other regions, especially in south and west voivodships. Although Morpol's head office was established in Oslo, strategic decisions[10] are made in Ustka (Poland, the Baltic Sea coast), where the main processing and packaging plant is located.

- **Ownership and status** Two (PGNiG, LOTOS) of the top 25 Polish MNEs are majority-owned by the state; and in three other firms the state has minority but controlling stakes. The privatization of one of them (LOTOS), launched in 2011, ended in failure, probably due to its high level of debt. After the unsuccessful attempted sale to a foreign strategic investor, the state has considered a potential merger of LOTOS with another state-owned company – either with PKN Orlen or with PGNiG – in order to establish a strong regional player in the fuel market.

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[6] See, Sociedade Brasileira de Estudos e Empresas Transnacionais e da Globalização Econômica (SOBEET) and VCC, "Brazilian multinationals positive after the global crisis," São Paulo and New York (December 7, 2010), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP-Brazil-Report-2010-Final.pdf (last visited June 8, 2012).

[7] See, United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and VCC, "The top 20 multinationals from Chile in 2010: Retail, forestry and transport lead international expansion," Santiago and New York (October 6, 2011), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP-Chile-Report-2011-Final_2.pdf (last visited June 8, 2012).

[8] See, Kadir Has University (KHU), KPMG-Turkey (KPMG-T), Foreign Economic Relations Board (DEIK), and VCC, "Turkish MNEs steady on their course despite crisis, survey finds," Istanbul and New York (January 31, 2011), available at: http://www.vcc.columbia.edu/files/vale/documents/EMGP-Turkey-Report-2011.pdf (last visited June 8, 2012).

[9] The voivodship is the largest unit of territorial division in Poland having a legal status on the basis of the Act of July 24, 1998 on Implementing of a New Fundamental Three-tier Territorial Division of the Country (Polish Journal of Laws No. 96, item 603).

[10] *The Rules of Procedure for the Board of Directors* of Morpol state: "Matters that are of an unusual nature or of major importance relative to the Company's situation may only be decided by the Chief Executive Officer pursuant to authorization by the Board on an *ad hoc* basis, or when the Board's decision cannot be awaited without material inconvenience to the Company. The Board shall be informed of the decision as soon as possible." Available at: http://morpol.com/_files/_public/corporate_governance/rules_of_procedure_for_the_board.pdf (last visited April 30, 2012).

All of the top 25, except Morpol, are listed on the Warsaw Stock Exchange (WSE).[11] Seven companies[12] from the ranking are included in the WIG20 Index, which consists of the 20 largest and most liquid companies on the WSE Main List. Some of the surveyed Polish multinationals are also listed on foreign stock exchanges (annex table 3).

- **Official language and the nationality of management** In all of the 25 companies except for one, the official language is Polish. The exception is Morpol, where English is the official language, whereas Polish and Norwegian are used as auxiliary languages. Morpol is the firm with the highest share of foreigners in the Board of Directors (four out of seven members) and among the executive managers. However, the Chief Executive Officer (concurrently the founder and owner of the company) is Polish. Furthermore, as Morpol is listed on the Oslo Stock Exchange, the system of management differs from the continental model that is binding for other companies in the ranking. The latter, under Polish law, are required to have two separate bodies for management and control – that is an Executive or Management Board and a Supervisory Council/Board. All of them are led by Polish CEOs and rarely employ foreigners as members of the boards (3 out of the 24 firms). Although Polish is their official language, most CEOs also prepare their financial reports, presentations and other materials in English, to a large extent as a result of adjustments to the rules contained in the Best Practices of WSE Listed Companies.[13]

- **Gender equality in the board** The Executive Boards of the companies in our ranking are strongly dominated by men. There are 11 women sitting on the executive boards in seven out of the 25 Polish multinationals, accounting for 11% of all the board members. In three companies (including one from the top of the list) women hold the post of chief executive officer. In the Supervisory Boards of the 25 Polish multinationals, 21 out of the 142 members (15%) are women.

  The data received in the survey and other available sources (companies' annual reports, their websites and the Polish press) do not indicate that any enterprises in the top 25 had implemented any policies on promoting women executives or increasing the number of female board members until recent years. Some of those recent efforts to promote gender equality include the commitments made by three Polish multinationals (PGNiG, LOTOS and ORLEN) representing the energy sector to take initiatives aimed at giving men and women equal career opportunities.[14]

- **Corporate social responsibility (CSR)** In Poland, CSR considerations seem to be predominantly implemented by foreign-owned enterprises, whereas very few Polish firms have incorporated CSR objectives into their business strategies and put them into practice in everyday business activities. Since 2009, Polish CSR leaders listed on the WSE have been covered by an index of responsible companies (the Warsaw Responsible Companies Index RESPECT),[15] the first CSR index in Central and Eastern Europe.

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[11] See, footnote b on Złomrex, under table 1, page 2 of this report.
[12] KGHM, PKN Orlen, PGNiG, Asseco, Synthos, Lotos and Boryszew.
[13] *Code of Best Practice for WSE Listed Companies* (effective from 1.01.2012), Appendix to Resolution No. 20/1287/2011 of the [Warsaw Stock] Exchange Supervisory Board dated October 19, 2011, available at: http://www.corp-gov.gpw.pl/assets/library/english/regulacje/bestpractices%2019_10_2011_en.pdf (last visited June 8, 2012).
[14] See, *Declaration on Sustainable Development in the Energy Sector in Poland*, available at: http://odpowiedzialna-energia.pl/oenergia/36047/36412/?s,main,language=EN (last visited June 8, 2012).
[15] The RESPECT Index comprises listed companies operating in compliance with best corporate governance, information governance and investor relations standards and also in adherence to certain environmental, social and

The analyzed Polish multinationals vary greatly in their approach to CSR. Three groups can be identified. The first one comprises five companies from the RESPECT Index: Ciech, KGHM Polska Miedź, LOTOS, PGNiG and PKN Orlen. Three of them, representing the energy sector, stand out as businesses participating in the United Nations Global Compact program and a sectoral initiative on sustainable development,[16] and communicating their CSR activities through various information channels (including regular reports on progress in fulfilling CSR requirements[17] and participation in national CSR contests[18]). The second group consists of companies engaged in selected aspects of CSR. Only some of them have incorporated CSR issues into their codes of ethics (Polimex-Mostostal SA, Comarch SA). The third and largest group includes multinationals that seem to have implemented CSR standards in only a very narrow scope. They have largely associated CSR with *ad hoc* or repeated public relations actions (sponsoring social events, charity, human resources development or environmental investment).

However, in the coming years multinationals' approach to CSR may change. In its newest Communication on EU strategy for CSR in 2011-14[19] the European Commission invites all large European enterprises[20] to make a commitment by 2014 to take account of at least one of the following sets of principles and guidelines when developing their approach to CSR: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, or the ISO 26000 Guidance Standard on Social Responsibility. The EU Communication also asks all European-based MNEs (irrespective of their size) to make a commitment by 2014 to respect the International Labor Organization Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

Poland, as an OECD Member, is committed to promote the OECD Guidelines for Multinational Enterprises. Poland's National Contact Point is located in the Polish Information and Foreign Investment Agency (Polska Agencja Informacji i Inwestycji Zagranicznych, PAIiIZ).[21] Recently, it has been engaged in a promotional campaign titled "I implement OECD Guidelines –

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personnel criteria. For the company evaluation criteria see: Warsaw Stock Exchange, About RESPECT Index – Company Evaluation Criteria, available at http://odpowiedzialni.gpw.pl/company_evaluation_criteria (last visited April 30, 2012).

[16] *UN Global Compact, Participants & Stakeholders*, available at: http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html (last visited April 30, 2012) and *Declaration on Sustainable Development in the Energy Sector in Poland*, op. cit.

[17] In their annual reports, companies stated that the reports were prepared in accordance with international standards, mainly the third generation of the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (GRI G3). PKN Orlen declared B-level GRI G3.1 guidelines (expanded guidance for reporting on human rights, local community impacts and gender) (see, PKN Orlen, "Responsible Development. Corporate Responsibility Report" (2010), available at: http://www.orlen.pl/EN/CSR/Reports/Documents/ORLEN_CSR_Eng_2011.pdf (last visited June 3, 2012)); Lotos – A-level GRI G3 (see, "LOTOS Integrated Annual Report 2011", available at: http://raportroczny.lotos.pl/assets/pdf/the-organization-and-the-report_integrated-reporting.pdf (last visited June 3, 2012)), PGNiG – B-level GRI G3. Starting from 2009, reports by LOTOS include both financial and non-financial statements in one Annual Report, LOTOS thus being the first Polish company ever to release an integrated report.

[18] In Poland, contests on CSR issues have generally attracted CSR leaders.

[19] European Commission, *A renewed EU strategy 2011-14 for Corporate Social Responsibility*, Brussels, COM(2011) 681 final (October 25, 2011).

[20] The European Commission has not defined the phrase "large European enterprises" in the Communication *A renewed EU strategy 2011-14 for Corporate Social Responsibility*, op.cit. However, according to the European Commission, the category of large enterprises is made up of enterprises which employ more than 250 persons and which have an annual turnover exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro. See *Commission Recommendation* 2003/361/EC, the Official Journal of the EU, L 124 of 20.3.2003, p. 36.

[21] See, http://www.paiz.gov.pl/en.

Responsible Business."[22] Poland's Ministry of Economy has been also increasingly involved in promoting CSR (e.g., organizing a special task team and conferences, and producing two manuals on sustainable development based on the ISO 26000 Standard[23]).

It is worth noting that in the report "The analysis of institutional models of CSR promotion in selected countries," prepared in 2010 by the Polish consulting firm CSRInfo for the Polish Ministry of Economy, four institutional CSR promotion models were identified: the observer, the patron, the promoter and the partner.[24] The report produced by CSRInfo identified Poland as a patron country,[25] which is defined as a country "in which government units involved in CSR activity can be identified . . .[, but] there is no one supervisory body that would coordinate activities."[26]

- **Principal industries** The mining, exploration and refining industries clearly dominated in terms of value of foreign assets (66%); however, there was considerable industrial diversity among the ranked companies. Two other industries, especially, accounted for significant shares in foreign assets: IT as well as chemicals and pharmaceuticals put together (11% each) – see annex figure 1. Although the ranking includes only two companies from the food and beverages industry, representing over 4% of foreign assets, more large Polish multinationals from this industry have invested abroad recently (e.g. Maspex Wadowice, Mokate, Mispol).[27] However, they could not be ranked in the list as data on their foreign assets were not available. In terms of number of firms, the building materials industry had the strongest representation (five), with investment in different segments – paints and varnishes, finishing materials and interior decorations, construction chemicals, fixings for construction, and sanitary and installation equipment. The manufacture of metal products was represented by three companies, followed by machinery and equipment (specifically, electromagnetic, testing and measurement equipment) and construction.

  With respect to the level of technology, the majority of surveyed companies from the manufacturing sector (excluding conglomerates such as Orlen, PGNiG and KGHM) represented medium-low or medium-high technology industries (in 2010, respectively 58.5% and 28.2% of the value of total sales, while high and low technology industries accounted for 2.0% and 3.4% respectively). Comparatively the composition of sold production of industrial products in manufacturing industries in Poland was as follows: high technology – 6.8%; medium-high technology – 26.7%; medium-low – 33.0%; and low technology – 33.5%.[28]

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[22] OECD, "Annual report on the OECD guidelines for multinational enterprises 2011: a new agenda for the future," OECD Publishing (2011), p. 29, available at: http://www.keepeek.com/Digital-Asset-Management/oecd/governance/annual-report-on-the-oecd-guidelines-for-multinational-enterprises-2011_mne-2011-en (last visited June 8, 2012).
[23] Poland's Ministry of Economy, *Sustainable Business – a Manual for Small and Medium Enterprises* (2009)*;* Poland's Ministry of Economy, *Risk Management for Sustainable Business* (2009).
[24] CSRInfo, "The analysis of institutional models of CSR promotion in selected countries," cited in: The Group for Corporate Social Responsibility Issues, "Recommendations on the implementation of Corporate Social Responsibility concept in Poland" (2011), p. 5, available at: http://www.mg.gov.pl/files/upload/13678/CSR_ang_podwojne.pdf.
[25] CSRInfo, op.cit., in The Group for Corporate Social Responsibility Issues , op. cit., p. 5.
[26] CSRInfo, op.cit., in The Group for Corporate Social Responsibility Issues , op. cit., p. 5.
[27] For more information on the important role of food & beverages industry in the expansion of Polish MNEs see the previous Polish report: IBRKK-VCC, op.cit., p. 7.
[28] The Central Statistical Office, *Statistical Yearbook of Industry* (2011), Table 13 "Structure of sold production of industrial products in 'Manufacturing' section by levels of technology," p 158. Sector definitions based on the *Statistical Classification of Economic Activities in the European Community* – NACE Rev.2.

Box 1. The development and growing internationalization of knowledge-intensive services in Poland

Exports of services play a smaller role for Poland than for the EU on average. In 2010, the share of services in total Polish exports accounted for 15.6%,[29] while in the EU-27 the services share accounted for 27.8%.[30] However, after the EU accession, the value of Polish exports of services nearly doubled (from 15.5 bn USD in 2005 to 29.6 bn USD in 2010[31]). Moreover, Poland runs a surplus in trade in services, contrary to trade in goods. For example, in 2011, the deficit in trade in goods totalled 14 billion USD, while the surplus in trade in services was 6 billion USD[32].

The main service sectors in Poland are transport and foreign travel services. However, according to Poland's balance of payments, their shares in total revenues have been steadily decreasing in favour of other services[33] based mainly on high labour skills (the share of services using high labour skills increased from 28% in 2005 to 42% in 2010). This tendency may be partly linked with the growing inward FDI in the business services sector. Poland is among the leading countries in developing business services sector in Central and Eastern Europe in terms of the number of centres and the number of employees,"[34] and in the next few years has a chance to become a leading hub for business services in Europe.[35]

Data for 2010 show that the major buyer of Polish services is Germany (approximately 25% of total exports), followed by Switzerland and the United Kingdom. On the top-10 list, except the EU member states, there were also non-EU countries, such as Ukraine, the US and Russia.[36]

Two service companies in the ranking (Asseco, Comarch) represented high-tech knowledge-intensive services (KIS), precisely computer programming, consultancy and related activities (division 62 of the industrial classification code of NACE Rev. 2). In 2009 (the latest available data), companies delivering these types of services exceeded 44% of all companies operating in the high-tech KIS industries in Poland, and represented almost 44% of Polish high-tech KIS exports.[37]

- **Foreign affiliates and geographic distribution** At the end of 2010, the top 25 carried out investments in 65 countries having 381 affiliates. Most affiliates – 83% – were located in Europe (annex figure 2).[38] The share of European affiliates in the overall number of foreign affiliates decreased slightly in comparison with the previous survey (88% in 2009). The most popular locations were close or distant neighbors in the following order: Germany (44 affiliates), the Czech Republic (33), Ukraine (24), the United Kingdom (21), Lithuania (19), France (13), Austria (13), Slovakia (13), and Russia (13). Consequently, Polish multinationals generally have

[29] The National Bank of Poland, *Poland: Balance of Payments*, available at: http://www.nbp.pl/statystyka/bilans_platniczy/bop_r_1994_2011.xls (last visited April 30, 2012).
[30] European Commission, *International trade in services*, available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/International_trade_in_services (last visited April 30, 2012).
[31] The National Bank of Poland, op. cit.
[32] The National Bank of Poland, op. cit.
[33] In accordance with Extended Balance of Payments Services Classification (EBOPS) classification, the "other services" group comprises business services or professional services, among others, legal, accounting, management consulting and taxation services, ITC services, architectural services, operational leasing and advertising services. See, United Nations, *Manual on Statistics of International Trade in Services*, United Nations, Statistical Papers, Series M No. 86 (2002).
[34] Association of Business Service Leaders in Poland, *Business Services Sector in Poland* (2011), p. 58.
[35] There are currently 337 service centres with foreign capital active in Poland (Business Process Offshoring Centres, Shared Services Centres and Knowledge Process Offshoring Centres), employing 85,000 specialists. See, Association of Business Service Leaders in Poland, *Business Services Sector in Poland* (2012), p. 12.
[36] The Central Statistical Office, *Yearbook of Foreign Trade Statistics of Poland (2011)*, Table 24 "Provided services by EBOPS classification and major countries in 2010 [current prices]," p. 204.
[37] The Central Statistical Office, *Science and Technology in Poland in 2009*, p. 344.
[38] The high number of affiliates in comparison with the relatively low value of foreign assets suggests that a significant number of affiliates might be distribution-oriented entities. Furthermore, some foreign affiliates were established in countries with favorable financial and tax regulations in order to invest in third countries and did not engage in any operational activities.

the highest Regionality Index (70% on average) in Western and Central Europe (referred to as "Other Europe" in annex table 2). The average in the region of Eastern Europe and Central Asia dropped to 13% (annex table 2) and did not exceed 5% in any of the other regions. However, recently there has been a growing interest from Polish multinationals in carrying out investment projects in more distant regions, mostly in East Asia and South Asia, where 26 affiliates of Polish MNEs from the ranking were set up at the end of 2010. In this context, an interesting case seems to be Ferro SA, a manufacturer of sanitary fittings, which established its only foreign affiliate in China and keeps all production activities there. Among other companies only PGNiG set up more than half of its foreign affiliates beyond Europe, which could be mainly explained by the character of its investments – the exploration and exploitation of fuels. Thus, the Middle East and North Africa has become the most important region for its foreign activities (11 foreign affiliates out of 28). Furthermore, PGNiG is also the only company from the top 25 to have an affiliate in Sub-Saharan Africa, specifically in Uganda. That affiliate in Uganda carries out drilling operations for oil and natural gas, and employs about 80 people. The number of foreign affiliates in the Americas and Developed Asia-Pacific amounted to a total of 17.

As in the year before, Asseco Poland, a multinational in the IT business, established the largest number of affiliates abroad – 70, which accounted for 18% of all the foreign affiliates of the top 25. Although in 2010 some of Asseco's foreign affiliates were merged together in the process of consolidation within the Asseco Group, the number of its foreign affiliates increased compared to 2009 as a result of new acquisitions made abroad. Thereby, Asseco entered 13 new countries, including some outside Europe.

- **First foreign affiliate** All of the firms in the top 25 established their first foreign affiliate after 1990, which was connected with the political change in Poland after the collapse of communism. The majority made first steps in countries geographically and culturally close. The first foreign affiliates were mostly situated in Germany, the Czech Republic, Romania, Russia and Ukraine (see annex figure 2a for more details). Although Polish multinationals usually started their outward investment in Europe and then went to more distant regions, such behavior was not typical of all of them. Some companies ranked in the list began their foreign investment by establishing an affiliate outside of Europe. Three of them (Fasing, Ferro, Złomrex) began their international expansion setting up an affiliate in China, starting production through joint ventures with Chinese partners.

- **Manufacturing vs. distribution affiliates** A significant number of foreign affiliates established by the top 25 companies is made up of distribution centers, which is not surprising, considering the classical theory of internationalization (the Uppsala model[39]). According to that theory, the next stage of international expansion after exports is the creation of sales subsidiaries, whereas production is a more mature level of capital commitment in foreign markets and usually occurs after establishment of those sales subsidiaries.[40] Although most Polish multinationals followed the mentioned path above, some others started their foreign expansion with manufacturing operations directly. Selena can serve as a good example of a company that accelerated its internationalization path directly with numerous and dispersed manufacturing plants. At the end

[39] See, Johanson, J. & Vahlne, J.E., "The internationalisation process of the firm – a model of knowledge development and increasing foreign market commitment," *8(1) Journal of International Business Studies* (1977), pp.23-32, and Johanson, J. & Weidershiem-Paul, F., "The internationalisation of the firm – Four Swedish cases," *12(3) Journal of Management Studies* (1975), pp. 305-322.

[40] Laine A., & Kock S., *A Process model of Internationalization – New Times Demands New Patterns* (Swedish School of Economics and Business Administration, 2000), p. 2.

of 2010 the company was running factories in Spain, Brazil, the US, China, Turkey, and South Korea. All in all, production or mining foreign affiliates of Polish multinationals accounted for less than half of all the affiliates located abroad.

Box 2. Polish financial multinationals

In accordance with the project methodology, the report does not cover financial multinationals. However, there are few banks and other financial organizations controlled by Polish capital and only some of them invest abroad. The largest include: Powszechna Kasa Oszczędności Bank Polski (PKO BP), Powszechny Zakład Ubezpieczeń (PZU Group) and Getin Holding SA. PKO BP is the largest bank in Central Europe, PZU is a leading insurance group in Poland and Getin Holding is a financial group offering bank services, insurance and leasing. All of them are listed on the Warsaw Stock Exchange, but only Getin Holding is a privately-owned company. The other two are state-controlled companies; however, in the case of PZU more than 60% of shares are in free float. In 2011, PKO BP and PZU were ranked second and third respectively on the list of the most valuable Polish brands.[41]

The value of the total assets of PKO BP (USD 55.8 billion) exceeds that of the assets of the top 25 MNEs in this ranking together. Nonetheless, the foreign assets of PKO BP are more than ten times lower than PKN Orlen – the biggest Polish investor abroad. Both foreign and total assets of the PZU Group are even several times lower and the share of its foreign assets in total assets is a mere 1%. Much smaller in terms of the value of total assets than PKO BP and PZU, but also the most internationalized company, is Getin Holding, which holds 23% of its assets abroad.

The three mentioned financial firms conduct their operations in Eastern Europe as market saturation in the financial sector is lower there than in Western Europe. The PZU Group started offering its insurance products (property insurance, life insurance, and related services) in Ukraine in 2002 and in Lithuania in 2005. PKO BP acquired a majority stake in Ukrainian KREDOBANK SA in 2004, currently having about 130 branches. Due to problems with the repayment of loans related to the financial crisis in Ukraine in 2008-2010, the bank was forced to reorganize. As a result, the assets located abroad decreased by 20% between 2008 and 2011. The same region for outward investment was chosen by Getin Holding, which established its foreign affiliates in Ukraine, Russia, and Belarus.

Table 1.1. Polish multinationals from the financial sector – main figures, 2011

	PKO BP SA	PZU SA	Getin Holding SA
Assets (in USD million)			
Total	55,817	15,254	1,428
Foreign	454	125	330
Share of foreign in total (in %)	1.0	0.8	23.1
Foreign affiliates (number)	Ukraine (3)	Ukraine (5)	Ukraine (5)
	Sweden (1)	Lithuania (2)	Russia (3)
			Belarus (1)
			UK (1)
			Luxembourg (1)

Source: Companies' financial statements.

The near future may see further expansion by these firms. The PZU Group, for example, has announced plans to

[41] The ranking has been published by „Rzeczpospolita", available at: http://www.ekonomia24.pl/artykul/706273,769929-Bank-szybko-dogania-lidera.html (last visited April 30, 2012).

set up a special company - PZU International - whose aim would be making acquisitions in the insurance market in Central and Eastern Europe.[42] The company is planning to expand first into Latvia and Estonia.[43] According to media reports, it is also interested in taking over the state-controlled Croatian insurer Croatia Osiguranje.[44]

- **Top mergers and acquisitions** In the period of 2010-2011, the most active Polish MNE on the cross-border M&A market was the Asseco Group. It took over four foreign entities from the IT business, including the Israeli company Formula Systems bought for USD 145 million. The value of Asseco's other transactions abroad was much lower, with each amounting to about USD 10 million. As a result of acquisitions completed in 2010, Asseco has become not only a leader in the IT market in Central and Eastern Europe, but also a leading IT player across the whole of Europe and ranked seventh among European software vendors in the Truffle 100[45] ranking published in 2011.[46] Four out of the ten deals shown in annex table 4 were undertaken by companies not ranked in our top 25 list. The largest investment was made by Trakcja Polska, which acquired a Lithuanian company (Tiltra Group AB) in the infrastructure construction industry for USD 278 million. However, the value of the top 10 transactions conducted abroad by Polish firms was rather low and reached a total of approximately USD 609 million.

- **Top greenfield announcements**[47] Although brownfield investments were more popular among Polish multinationals in 2010 and 2011, some significant greenfield projects were announced as well. The expected value of such investment projects is only known for four of them (Can-Pack Group, KGHM Polska Miedź, Comarch, Spółdzielnia Mleczarska Mlekovita). The largest greenfield investment was announced by KGHM Polska Miedź, intending to build a copper mine in Canada for more than USD 500 million. Can–Pack will build a can factory in Finland – following the plants in Russia and India. Spółdzielnia Mleczarska Mlekovita, a Polish producer of milk and dairy products, announced its plan to set up a plant in China. It would be the first foreign affiliate of Mlekovita. As the European Union represents a highly saturated market, the company has decided to invest in China – a country with a very low intake of milk and a huge potential in the market of dairy products. To date, the company has been manufacturing all of its products in several subsidiaries in Poland and then exporting part of them to various countries (including the Asian region). The expansion into the Asian market has also been planned by Konspol, a Polish producer of poultry, which in 2011 announced its intention to open three new

[42] "The PZU Group strategy for the years 2012-2014" (Warsaw, March 15, 2012), available at: http://www.pzu.pl/relacje-inwestorskie/raporty-okresowe-biezace (last vistited April 30, 2012).
[43] *Draudimo grupė PZU pasirinko Lietuvą plėsti verslui į kitas Baltijos šalis [PZU Insurance Group decided to expand its business in Lithuania into other Baltic states]*, The announcement of PZU Lietuva published March 16, 2012, http://www.pzu.lt/naujienos/pranesimai_spaudai/draudimo_grupe_pzu_pasirinko_lietuva_plesti_verslui_i_kitas_baltijos_salis/p371 (last vistited April 30, 2012).
[44] *PZU chce przejąć chorwackiego ubezpieczyciela Croatia Osiguranje [PZU wants to take over Croatian insurer Croatia Osiguranje]*, "Gazeta Prawna", available at: http://biznes.gazetaprawna.pl/artykuly/601109,pzu_chce_przejac_chorwackiego_ubezpieczyciela_croatia_osiguranje.html (last visited April 30, 2012).
[45] The Truffle 100 was created in 2006 by Truffle Capital, a leading European Venture Capital firm. Its research is based on data compiled from surveys and analyses conducted over the years by Centre d'eXpertise des Progiciels (CXP), organization focused on market research in the field of information technology, and International Data Corporation (IDC), the global provider of market intelligence.
[46] Truffle 100, "Ranking of the Top 100 European Software Vendors" (October 2011), p. 3, available at: www.truffle100.com (last visited April 30, 2012).
[47] This part was prepared pursuant to information published in the surveyed companies' annual reports, their websites and the Polish press, such as: http://www.parkiet.com, http://www.ekonomia24.pl, http://gospodarka.dziennik.pl/.

factories abroad – in China, Indonesia and Argentina. A final example of planned greenfield projects is Comarch's plan to build data processing centers in France and Germany. The value of the remaining greenfield projects listed in annex table 5 has not been made public.

- **Changes in foreign assets, sales and employment** There was a rather modest change in the value of foreign assets and total assets between 2008 and 2010. Although the overall figures look stable, the direction and scale of movements in foreign assets varied greatly across industries and firms. As mentioned in the previous report,[48] firms operating in the metal industry were the most affected by the crisis, mainly due to a sharp decline in demand for steel and other metal products. In 2010, they clearly recovered and increased their assets abroad compared to 2009. However, foreign assets of only one metal-manufacturing group (Boryszew) in our list exceeded the 2008 value, a result which is mainly attributable to its growing engagement in the automotive industry. The overall situation in other industries was quite favorable. Two-thirds of the Polish multinationals in question increased their assets abroad between 2008 and 2010. Significant increases came from Selena, which tripled its foreign assets in that period, and Asseco and PGNiG, which each doubled their assets abroad.

Table 2. Snapshot of the top 25 Polish multinationals, 2008-2010 (USD million and number of employees)

Variable	**2008**	**2009**	**2010**	**% change, 2008-2009**	**% change, 2009-2010**
Assets					
Foreign	9,920	10,201	11,985	6.2[a]	11.7
Total	44,133	46,250	52,685	8.9[a]	9.7
Share of foreign in total (%)	22.5	22.1	22.7		
Sales					
Foreign	19,994	17,953	20,782	-12.0[a]	15.8
Total	51,933	49,099	57,357	-6.4[a]	16.8
Share of foreign in total (%)	38.5	36.6	36.2		
Employment					
Foreign[b]	-	-	-	-	-
Total	142,150[c]	143,357[d]	155,422[d]	-	8.4
Share of foreign in total (%)	-	-	-	-	

Source: IBRKK-VCC research on leading Polish multinationals, 2011.

[a] These figures were calculated excluding data on Morpol's assets and sales respectively as those were unavailable for 2008.
[b] Data on foreign employment were unavailable for some firms. See annex table 1 for details.
[c] This figure does not include employment in Ferro, Bakalland and Złomrex as data were unavailable.
[d] These figures do not cover employment in Złomrex.

Both foreign and total sales, unlike assets, went down in 2009; however, the decrease in foreign sales was significantly more abrupt than that in total sales. The fall in external demand primarily hit firms from the metal industry and manufacturers of various equipment. At the same time, revenues from foreign sales by Asseco Poland and Selena doubled. In 2010, the overall situation recovered and figures exceeded those for 2008. Total employment increased somewhat in 2009 and again in 2010, thus growing by a few percent over the period of 2008-2010, but still less rapidly than total assets and sales.

[48] VCC-IBRKK, op. cit., p. 7.

The big picture

As we stated in our previous report,[49] although Polish multinationals have recently intensified their investment and Poland is the leading outward investor among the new member states of the European Union, the amount of Polish capital invested abroad is still modest in comparison with the value of outward investment made by their counterparts from other emerging markets with similar GDP. The average value of foreign assets held by Polish firms (USD 137,000) was several times lower than that of Argentine, Turkish or Taiwanese investors (respectively USD 908,000, 1,647,000 and 3,807,000)[50]. This comparatively modest value of Polish outward investment largely stems from political circumstances as the Polish economy was closed until 1989 and private capital, as in other post-communist countries, has only been developing for a relatively short period of time. The vast majority of Polish companies that started their expansion abroad only established their foreign affiliates a few years ago. Admittedly, joining the EU has facilitated Polish outward investment within the EU due to such factors as the freedom of conducting business, settling customs formalities and the unification of the law; nevertheless the lack of political and financial support by the state has made the progress of the internationalization of Polish MNEs rather moderate. The annual FDI outflows from Poland have never surpassed USD 10 billion. Although Poland has always been a net recipient of foreign investment, the ratio of inward to outward FDI has been constantly decreasing since 2001 (see annex figure 6).

Additionally, the process of internationalization of Polish firms was inhibited by the global financial crisis, which has strongly affected many European countries, the main destination for outward investment from Poland. As a result, the investment dropped from nearly USD 5.7 billion in 2007 to around USD 4.6 billion in 2008 and 2009 (see Annex figure 5). Although we did not observe a shrinking in the value of foreign assets of the top 25 in that period, Polish multinationals were completely inactive in cross-border acquisitions in 2009 partially due to the financial crisis. Moreover, some firms were forced to implement reorganization programs concerning their foreign affiliates. For instance, Relpol, a company from the top 25 list, due to problems with the recovery of receivables from contractors, put into liquidation its subsidiaries in Germany, the UK and Hungary, and sold its subsidiary in Bulgaria.[51] Additionally, the Nowy Styl Group downsized its Ukrainian plant as a consequence of shrinking demand for furniture in Russia and Ukraine.[52]

In 2010, the value of Polish outward FDI rose again to over USD 5.5 billion and there was a significant recovery on the international market of M&A transactions. According to UNCTAD,[53] the number of M&A purchases carried out by Polish MNEs soared from 3 in 2009 to 21 in 2010. A few of them took advantage of crisis-related deterioration of the financial standing of some foreign companies and concluded cost-beneficial M&A deals. For instance, Boryszew took over, at an attractive price, selected assets of Maflow, an automotive group going in liquidation, located in Brazil, China, France, Italy, Poland, and Spain.[54] In 2011, the foreign expansion of Polish investors slowed down, with FDI outflows just over USD 5.2 billion. However, the beginning of 2012 indicates a slight improvement. Several

[49] VCC-IBRKK, op. cit.
[50] It was calculated upon the data published in the countries' reports within the EMGP project, available at: http://www.vcc.columbia.edu/content/emerging-market-global-players-project.
[51] "Management's Report on Business Operations of the Relpol Group for 2009" (Żary, April 2010), available at: http://www.relpol.pl/Relacje-Inwestorskie (last visited April 30, 2012).
[52] Woźniak A., *Ekspansja firm słabnie [The expansion of firms is slackening]*, "Rzeczpospolita" (January 31, 2009), available at: http://www.ekonomia24.pl/artykul/434047.html (last visited April 30, 2012).
[53] UNCTAD, *"World Investment Report 2011*: *Non-Equity Modes of International Production and Development*" (2011), Annex Tables.
[54] *The Mills and Companies of Maflow Group Bought by Boryszew Group*, available at: http://ir.boryszew.com.pl/ (last visited April 30, 2012).

transactions have been already completed; other companies have announced their plans of new acquisitions in foreign markets or greenfield projects.

A major part of Polish investment abroad goes into Europe, mainly into Germany, the United Kingdom, the Czech Republic, Lithuania, Romania, Ukraine, and Russia. These countries are either geographically close to Poland or/and familiar in cultural terms. Previous export experience was an additional push factor, especially in the case of the Central and East European countries. Admittedly, at the end of 2010 the largest recipient of outward investment from Poland was Luxembourg (23%), but this figure does not reflect the real scale of investment projects conducted in that country. They were mainly of a financial nature (the so-called "capital in transition").[55] The United States clearly dominates among destination countries outside Europe. At the end of 2010 Polish investors located there 3% of total outward direct investment in terms of stock value, which placed the US in the group of the ten largest recipients of direct investment from Poland. There is also a rising interest in other regions, especially in emerging markets in Asia (Singapore, Kazakhstan, India, China, the United Arab Emirates, and Israel, in the given order).

Although the Polish state has not yet formulated any comprehensive "go global" strategy to promote outward investment of Polish entities, recently we have observed a significant change in the government's approach to this issue compared to the previous years. It continued to provide free information services for Polish firms exporting or conducting outward investment through the Network of Investor and Exporter Assistance Centers (*Sieć Centrów Obsługi Inwestorów i Eksporterów*). There have also been many meetings and discussions raising the subject of support for outward FDI. As a result, in 2011, PAIiIZ in agreement with the Ministry of Economy launched a pilot program of "Support for Polish companies in selected markets." It is supposed to be implemented on a few selected markets (Germany, France, the UK, the Czech Republic, Ukraine, and Russia) that are considered the most important locations for FDI from Poland and is aimed at supporting investment projects of over EUR 1 million. The program includes providing information on investment conditions in the target countries (legal requirements to start a business, tax systems, possible sources of finance, and incentives to attract investment in the host countries), cooperating with foreign institutions providing investor services, searching for strategic partners, monitoring the progress of commenced outward investments and promoting the expansion of Polish multinationals through contests, conferences and media.[56] No financial support to facilitate foreign operations is offered within the program. Only in a few years we will be able to evaluate the effectiveness of these initiatives in supporting outward direct investment of Polish multinationals.

The Polish government recognizes a need to support Polish companies also on prospective but geographically and culturally distant markets. Political support for doing business in Asia was initiated by the Polish President Bronisław Komorowski, who signed a strategic agreement between Poland and China during his visit to Beijing in December 2011. In April 2012, in turn, the Chinese Prime Minister Wen Jiabao visited Poland. Then in May 2012, on the launching of direct flights between Warsaw and Beijing, Waldemar Pawlak, the Polish Deputy Prime Minister and Minister of Economy, made an official visit to China, with representatives of business.

To support Polish-Chinese cooperation on a regular basis, in March 2012 the Ministry of Economy, in collaboration with other government agencies, launched a special "Go China" program aimed at stimulating Polish exports, attracting Chinese investors to Poland and encouraging Polish companies to

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[55] See, NBP, "Międzynarodowa pozycja inwestycyjna Polski w 2006 roku" (2007), pp. 9-10.
[56] *Plan działań PAIiIZ S.A. wspierania polskich inwestycji za granicą [The action plan of PAIiIZ SA to promote Polish investments abroad],* February 2012, unpublished.

invest in China. These objectives are to be achieved through promotional activities, providing relevant information as well as establishing cooperation with Chinese business organizations. In order to facilitate the flow of information, a special web portal containing a compendium of knowledge on the Chinese market was started within the program.[57] The portal also allows Polish investors and exporters to ask questions on doing business in China. For the purposes of the "Go China" program, the Institute for Market, Consumption and Business Cycles Research prepared for the Polish government a report on barriers to and opportunities for export and investment on the Chinese market.

[57] See, http://www.gochina.gov.pl/.

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Emerging Markets Global Players Project

This report on Polish multinationals was prepared in the framework of the Emerging Markets Global Players (EMGP) Project, an international collaborative effort led by the Vale Columbia Center on Sustainable International Investment. It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the leading multinationals in each participating country. Since 2007, reports have been published on 14 countries: Argentina, Brazil, Chile, China, Hungary, India, Israel, Republic of Korea, Mexico, Poland, Russia, Slovenia, Taiwan and Turkey. For further information, visit: http://www.vcc.columbia.edu/content/emerging-market-global-players-project.

Institute for Market, Consumption and Business Cycles Research

The Institute for Market, Consumption and Business Cycles Research is a leading economic research institute located in Warsaw. Its research focuses on global economic trends, along with their implications for the Polish economy; sectorial analyses and forecasts; and the development of multilateral and regional integration processes, with special attention to integration within the European Union and its consequences for Poland. The Institute's research areas also include FDI and the internationalization of Polish enterprises. Since 1990, the Institute has been publishing annual reports on inward FDI in Poland and, since 2006, also reports on Poland's outward investment. The Institute provides analyses and recommendations to the Polish Government, government agencies as well as companies and their associations (such as the Club of Exporters and the chambers of commerce). For more information on the Institute's activities and publications, visit: http://www.ibrkk.pl.

Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center on Sustainable International Investment (VCC), a joint center of Columbia Law School and the Earth Institute at Columbia University, is a leading forum for discussion by scholars, policy makers, development advocates, practitioners, and other stakeholders of issues related to FDI in the global economy, paying special attention to the impact of this investment on sustainable development. The VCC bridges education, scholarship and practice in the field of sustainable investment. Its objectives are to analyze important topical policy-oriented issues related to investment and to develop and disseminate practical approaches and solutions to promote development outcomes. For more information, visit http://www.vcc.columbia.edu.

Annex table 1. Poland: The top 25 multinationals: Key variables, 2010 (USD million[a] and number of employees)

Rank by foreign assets	Company	Assets		Sales		Employment		TNI[c](%)	No. of foreign affiliates	No. of host countries
		Foreign	Total	Foreign	Total	Foreign	Total			
1	PKN Orlen SA	6,222	17,062	14,856	27,869	7,072	22,040	41	30	9
2	Asseco Poland SA	1,194	2,636	514	1,080	9,112	13,638	53	70	36
3	PGNiG SA	1,149	11,447	0	7,099	903	32,431	4	28	19
4	Synthos SA	619	1,173	890	1,288	853	2,207	54	8	2
5	Morpol ASA	505	793	412	571	955	4,255	53	21	7
6	LOTOS SA	452	5.916	1226	6,565	24	5,010	9	9	4
7	Ciech SA	430	1311	759	1,321	1,327	6,705	37	16	9
8	Bioton SA	293	528	51	137	n.d.	987	(46)	21	14
9	Złomrex SA	252	483	148	332	n.d.	n.d.	(48)	19	11
10	Selena FM SA	160	293	96	201	571	1,550	46	25	17
11	Polimex-Mostostal SA	139	1,309	414	1,388	n.d.	14,252	(20)	7	5
12	Koelner SA	135	217	78	187	258	1,726	40	24	16
13	AB SA	100	303	478	1,188	359	628	43	5	2
14	Boryszew SA	85	781	135	1,046	839	6,056	13	13	7
15	KGHM Polska Miedź SA	82	7,064	242	5,768	7	30,928	2	5	5
16	Comarch SA	54	323	105	254	523	3,462	24	31	17
17	Grupa Kęty SA	24	470	125	404	156	3,013	14	11	8
18	Decora SA	24	90	48	88	n.d.	856	(41)	10	10
19	Fasing SA	19	64	23	50	162	556	35	2	2
20	Ferro SA	17	43	18	55	119	499	33	1	1
21	Stomil Sanok SA	13	123	87	157	90	2,309	23	5	3
22	FFiL Śnieżka SA	7	122	60	177	445	1,038	27	4	3
23	Relpol SA	4	26	9	30	283	740	28	8	7
24	Aplisens SA	3	29	5	20	26	271	16	6	5
25	Bakalland SA	3	79	3	83	n.d.	265	(3)	2	1
Total (average for TNI)		**11,985**	**52,685**	**20,782**	**57,357**	**24,084**	**155,422**	**30**	**381**	**65**

Source: IBRKK-VCC research on leading Polish multinationals, 2011.

[a] The exchange rate used is the rate reported by the IMF as of December 31, 2010: USD 1 = PLN 2.9979.
[b] Data on foreign sales are not fully comparable and should be interpreted with caution because, as noted in footnote 2 in the main report, for some companies, foreign sales include exports.
[c] The Transnationality Index (TNI) is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. It is expressed as a percentage. The TNI for five firms is calculated without foreign employment data and shown in parentheses.

Annex table 2. Poland: The top 25 multinationals, Regionality Index[a] (%), 2010

Rank	Company	Other Europe	Eastern Europe & Central Asia	Middle East & North Africa	East Asia & the Pacific	South Asia	North America	Developed Asia-Pacific	Latin America & the Caribbean	Sub-Saharan Africa	No. of foreign affiliates
1	PKN Orlen SA	100									30
2	Asseco Poland SA	79	6	6		3	4	3			70
3	PGNiG SA	32	7	39	4	14				4	28
4	Synthos SA	100									8
5	Morpol ASA	90					5	5			21
6	LOTOS SA	100									9
7	Ciech SA	88			6				6		16
8	Bioton SA	48	10	5	19	14		5			21
9	Złomrex SA	95		5							19
10	Selena FM SA	52	20		12		8	4	4		25
11	Polimex-Mostostal SA	57	43	17		4		4			7
12	Koelner SA	71	25	4							24
13	AB SA	100									5
14	Boryszew SA		77		15				8		13
15	KGHM Polska Miedź SA	60			20		20				5
16	Comarch SA	74	10	3	6		3		3		31
17	Grupa Kęty SA	45,5	45,5	9							11
18	Decora SA	70	30								10
19	Fasing SA	50			50						2
20	Ferro SA				100						1
21	Stomil Sanok SA	100									5
22	Śnieżka SA	25	75								4
23	Relpol SA	50	50								8
24	Aplisens SA	33	67								6
25	Bakalland SA		100								2
Average		**70**	**13**	**5**	**4**	**2**	**2**	**1**	**1**		**381**

Source: IBRKK-VCC research on leading Polish multinationals, 2011.

[a] The Regionality Index is calculated by dividing the number of the firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100.

Annex table 3. Poland: The top 25 multinationals: Stock exchange listings, 2010

Company's name	Domestic	Foreign
PKN Orlen SA	Warsaw	London (LSE)
Asseco Poland SA	Warsaw	Tel Aviv Stock Exchange (TASE)[a], NASDAQ Global Market[a]
PGNiG SA	Warsaw	*None*
Synthos SA	Warsaw	*None*
Morpol ASA	*No*	Oslo Stock Exchange (OSE)
LOTOS SA	Warsaw	*None*
Ciech SA	Warsaw	*None*
Bioton SA	Warsaw	Australian Securities Exchange (ASX)[a]
Złomrex SA	Warsaw	Luxembourg Stock Exchange (bonds)[a]
Selena FM SA	Warsaw	*None*
Polimex-Mostostal SA	Warsaw	*None*
Koelner SA	Warsaw	*None*
AB SA	Warsaw	*None*
Boryszew SA	Warsaw	*None*
KGHM Polska Miedź SA	Warsaw	London (LME)[b], Shanghai (SHFE)[b], New York (NYMEX)[b]
Comarch SA	Warsaw	Frankfurt (FSE)
Grupa Kęty SA	Warsaw	*None*
Decora SA	Warsaw	*None*
Fasing SA	Warsaw	*None*
Ferro SA	Warsaw	*None*
Stomil Sanok SA	Warsaw	*None*
FFiL Śnieżka SA	Warsaw	*None*
Relpol SA	Warsaw	*None*
Aplisens SA	Warsaw	*None*
Bakalland SA	Warsaw	*None*

***Source*:** IBRKK-VCC research on leading Polish multinationals, 2011.

[a] These Polish multinationals are not listed directly on foreign exchanges, but through their subsidiaries.
[b] These are futures rather than stock exchanges.

Annex table 4. Poland: Top 10 outward M&A transactions, 2010-2011 (USD million)

Date	Acquirer's name	Target firm 's name	Target industry	Target country	% of shares acquired	Value of transaction
07/05/2011	Trakcja Polska SA	Tiltra Group AB	Engineering construction	Lithuania	100.0	278.5
11/25/2010	Asseco Poland SA[a]	Formula Systems Ltd.	Software and IT services	Israel	51.19	145.3
04/08/2011	Ferro SA[a]	NOVASERVIS a.s.	Sanitary and installation equipment	Czech Republic	100.0	69.5
01/12/2010	LOTOS SA[a] (through its affiliate – LOTOS Petrobaltic)	AB Geonafta[b]	Exploration and extraction of natural resources (oil)	Lithuania	59.41	59.9
04/19/2011	Asseco Poland SA[a]	Necomplus, S.L.	Software and IT services	Spain	65.0	10.9
03/02/2011	Asseco Poland SA[a]	GLOBENET Zrt.	Software and IT services	Hungary	60.0	10.4
07/30/2011	Boryszew SA	Altmärker Kunststoff-Technik GmbH	Automotive industry	Germany	100.0	9.6
07/30/2010	PZ Cormay SA	Innovation Enterprise	Medical Diagnostics	Ireland	98.62	9.2
04/26/2010	Asseco Poland SA[a]	ITD Đletişim Teknoloji	Software and IT services	Turkey	99.662	8.0 + bonds
08/06/2010	ABC Data SA	Scop Computers	Distributor of IT equipment	Romania	100.0	7.2
Total						**608.5**

Source: Drawing on company websites and articles published in the media.

[a] These companies are ranked in the list of the top 25 non-financial outward investors.
[b] As a result, LOTOS became the owner of 100% of shares in AB Geonafta.

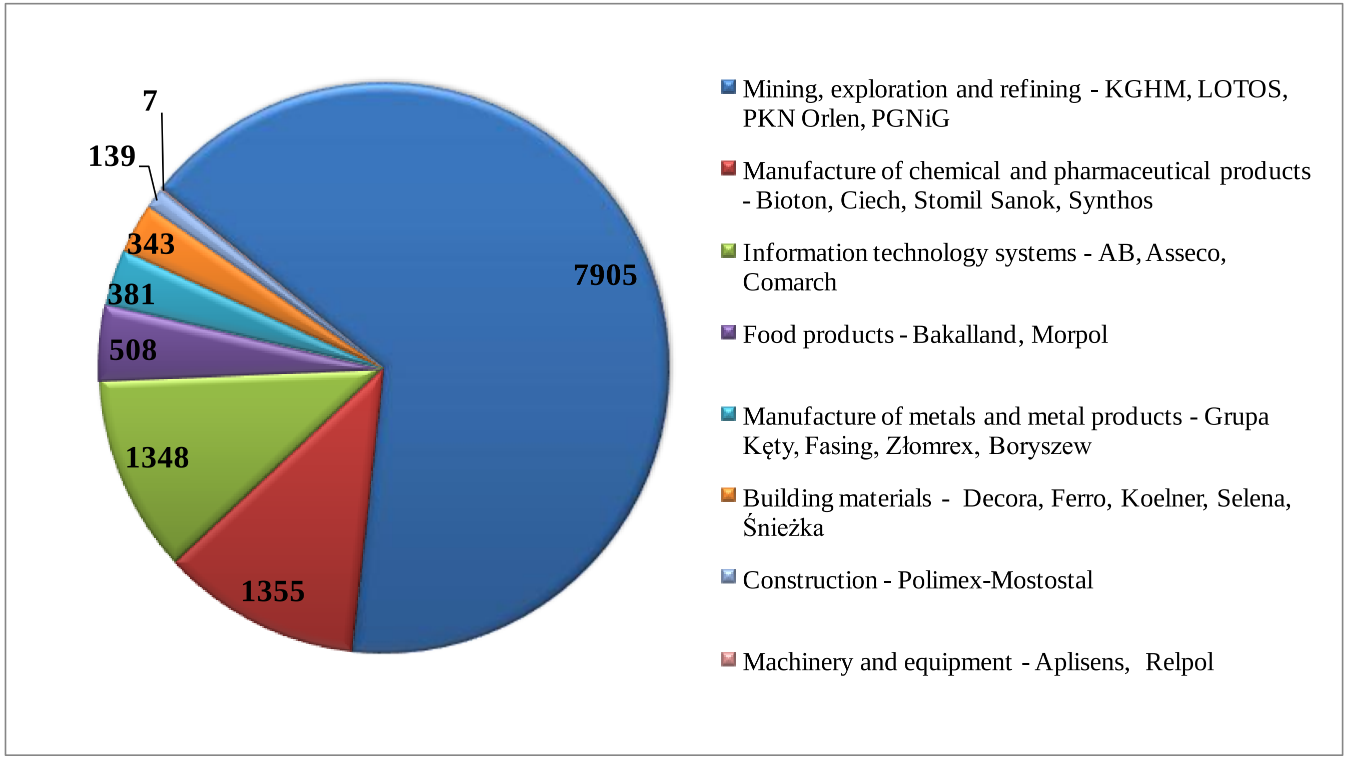
Annex table 5. Poland: The top 8 outward greenfield transactions, announced, 2010-2011 (USD million)

Date	Company	Destination	Industry	Value of transaction
Feb-11	Can-Pack Group	Finland	Metals	100.0
May-10	KGHM Polska Miedź[a]	Canada	Extraction of natural resources (copper)	535.0
Feb-10	Comarch[a]	France	Software and IT services	7- 10
Sep-11	Spółdzielnia Mleczarska Mlekovita	China	Food & beverages	5.3-7
Feb-10	Comarch[a]	Germany	Software and IT services	n.d.
Nov-11	Zakłady Azotowe Puławy and Zakłady Azotowe w Tarnowie	China/Taiwan	Chemicals	n.d.
Oct-11	Konspol	China	Food & beverages	n.d.
Nov-11	Konspol	Indonesia	Food & beverages	n.d.
Total				**652.0**

Source: Adapted from company websites and information published in the media.

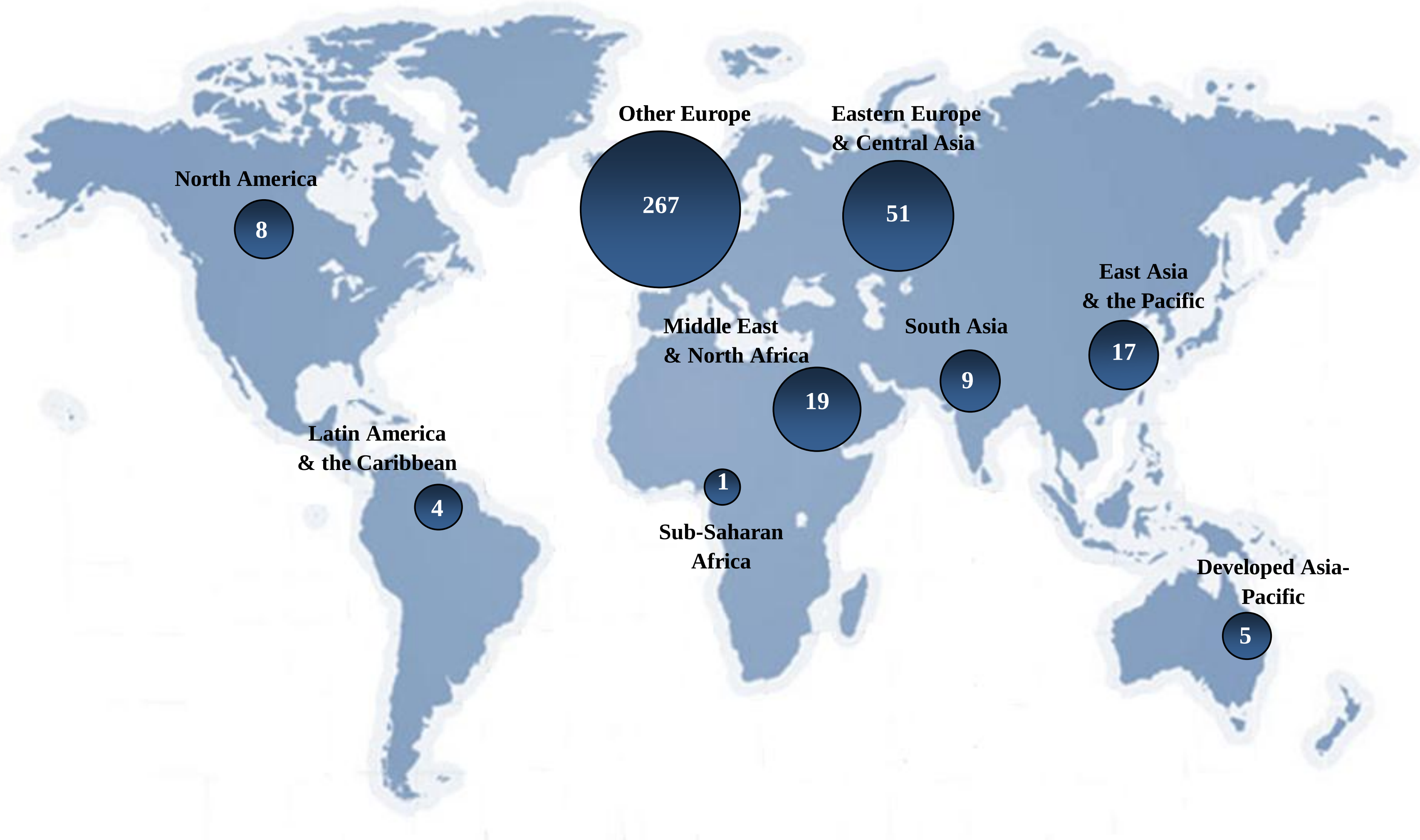
[a] These companies are ranked in the list of the top 25 non-financial outward investors.

Annex figure1. Poland: Breakdown of the foreign assets of the top 25 multinationals, by main industry, 2010



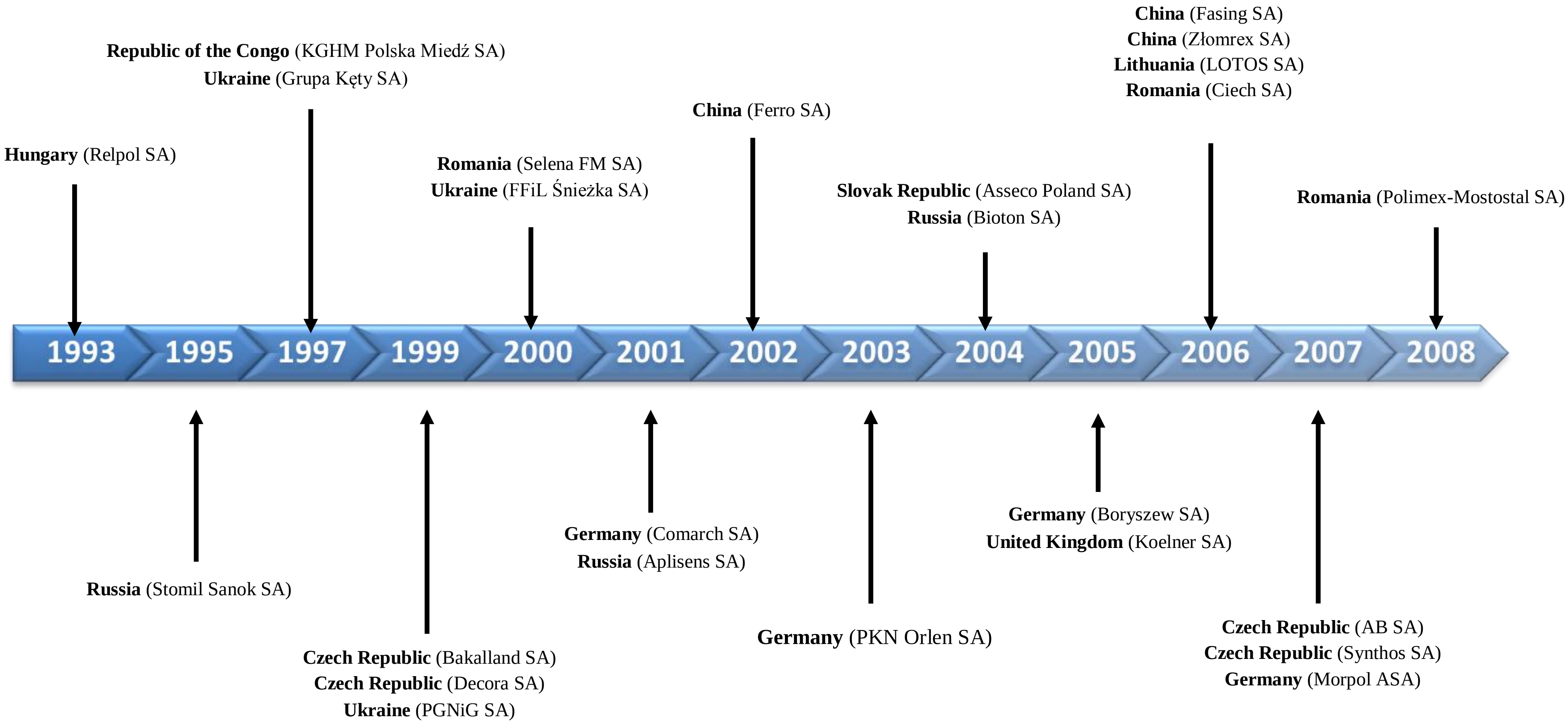
Source: IBRKK-VCC research on leading Polish multinationals, 2011.

Annex figure 2. Poland: Foreign affiliates of the top 25 multinationals by region, 2010 (number of affiliates)



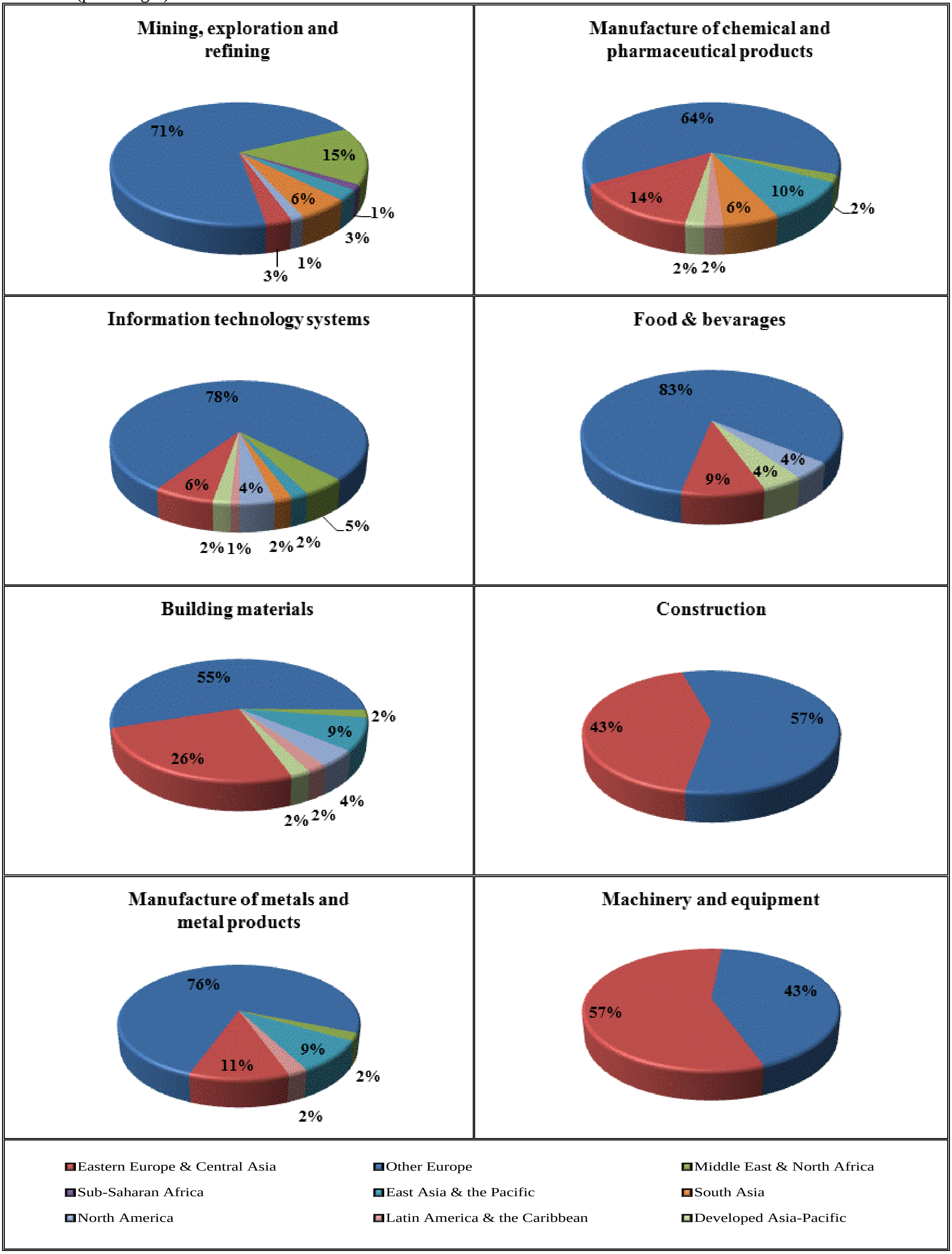
Source: IBRKK-VCC research on leading Polish multinationals, 2011.

Annex figure 2a. Poland: Timeline tracking the opening of the first foreign affiliate by each of the listed companies



Source: IBRKK-VCC research on leading Polish multinationals, 2011.

Annex figure 3. Poland: Geographic distribution of the foreign affiliates[a] of the top 25 multinationals, by main industry, 2010 (percentages)



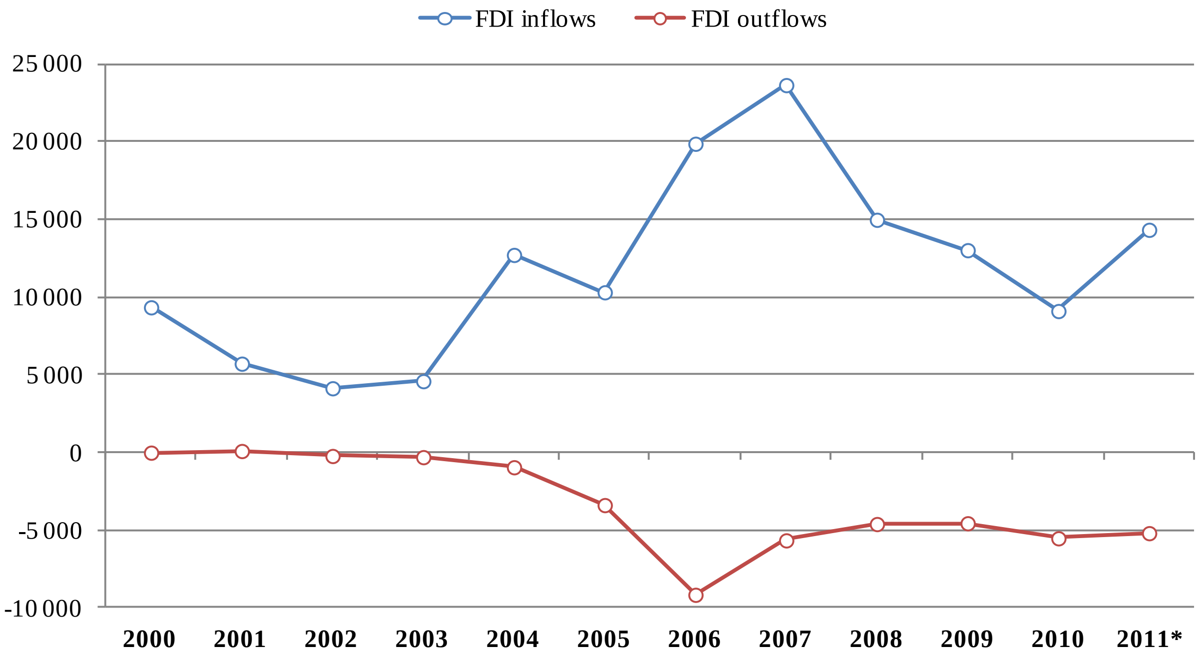
Source: IBRKK-VCC research on leading Polish multinationals, 2011.

Annex figure 4. Poland: Head office locations of the top 25 multinationals, 2010

1	GK PKN Orlen SA	Płock
2	Asseco Poland SA	Rzeszów
3	GK PGNiG SA	Warszawa
4	Synthos SA	Oświęcim
5	Morpol ASA	Ustka
6	LOTOS SA	Gdańsk
7	Ciech SA	Warszawa
8	Bioton SA	Warszawa
9	Złomrex SA	Poraj
10	Selena FM SA	Wrocław
11	Polimex-Mostostal SA	Warszawa
12	Koelner SA	Wrocław
13	AB SA	Wrocław
14	Boryszew SA	Sochaczew
15	KGHM SA	Lubin
16	Comarch SA	Kraków
17	Grupa Kęty SA	Kęty
18	Decora SA	Środa Wielkopolska
19	Fasing SA	Katowice
20	Ferro SA	Skawina
21	Stomil Sanok SA	Sanok
22	Śnieżka SA	Lubzina
23	Relpol SA	Żary
24	Aplisens SA	Warszawa
25	Bakalland SA	Warszawa

Source: IBRKK-VCC research on leading Polish multinationals, 2011.

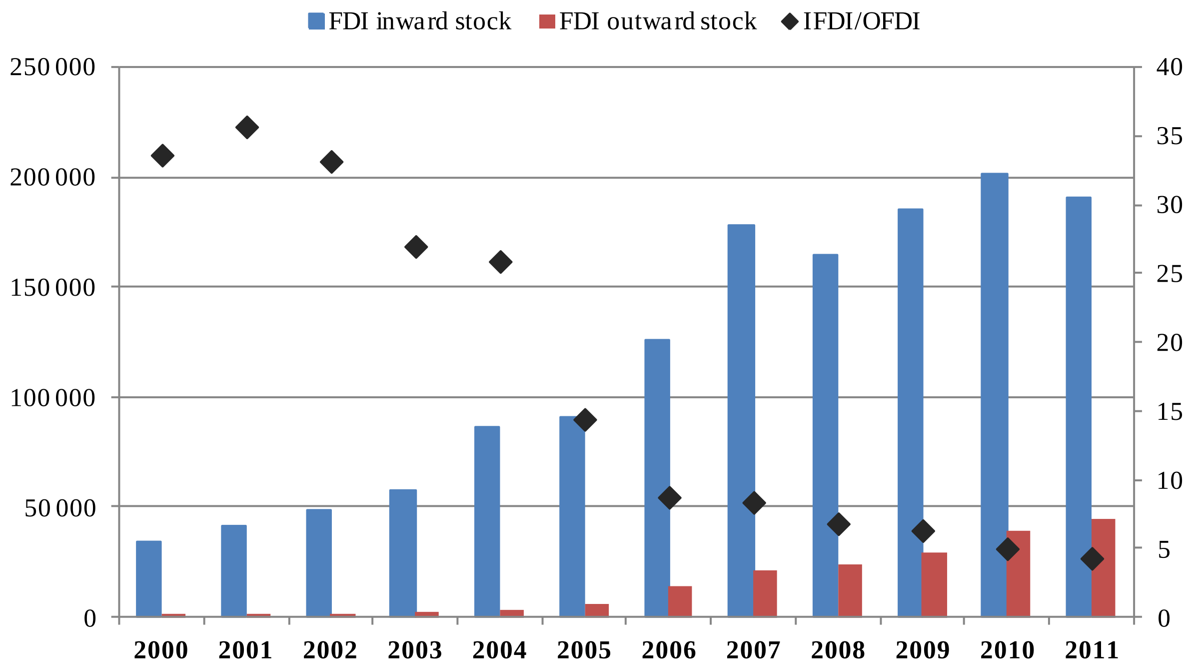
Annex figure 5. Poland: FDI inflows and outflows, 2000-2011 (USD million)



*Preliminary estimates.

Source: Adapted from the reports of the National Bank of Poland (NBP).

Annex figure 6. Poland: Inward and outward FDI stock, 2000-2010 (USD million)



Source: Adapted from the reports of the National Bank of Poland (NBP).

Annex II. Brief company profiles (in the order of the ranking)

No.1. Polski Koncern Naftowy Orlen SA
http://www.orlen.pl/EN/

The company was established as a national petroleum company (Polski Koncern Naftowy, PKN) in 1998 by merging two Polish oil refineries - *Centrala Produktów Naftowych CPN S.A*. and *Petrochemia Płock S.A*. In 2000, PKN adopted a new trade name – ORLEN, under which it is recognized nowadays outside the country. Its first step toward foreign expansion was buying petrol stations in Germany from BP. Since acquiring a controlling stake in Lithuanian Mažeikių Nafta (2006), it has become the largest petroleum group in Central Europe with major operations in Poland, the Czech Republic, Germany, and the Baltic States. In 2011, it was ranked first in the list of the 500 largest companies in Central and Eastern Europe published by Deloitte and 347th in the Fortune Global 500 in terms of revenues value.

No.2. Asseco Poland SA
http://www.asseco.pl/en

Asseco Poland was established in 1991 as COMP Ltd Sp. At first, it was engaged mainly in the production of software for cooperative banks, and later expanded operations to the banking and financial sector, insurance institutions, public administration and industry. In 2004, the company debuted on the WSE. After the acquisition of Slovak ASSET Soft a.s., it was renamed Asseco Poland SA. Having achieved the leading position in Poland, the company is continuing to build IT holdings that operate across Europe – from Spain and Portugal to Scandinavia and the Baltic states. At present, Asseco is the largest IT company listed on the WSE and a major software producer in Europe.

No.3. Polskie Górnictwo Naftowe i Gazownictwo SA
http://www.pgnig.pl/

PGNiG was established in 1982 as a state-owned enterprise. In 1996, PGNiG was transformed into a joint-stock company with the State Treasury holding 100% of the shares. Since 2004 it has been listed on the WSE. The state still owns 72.48% shares but further privatization is in progress. The PGNiG Group, a leader on the domestic market, is the only vertically integrated company in the Polish gas sector. The enterprise's activity covers not only natural gas and crude oil exploration and production but also trade in, storage and distribution of natural gas to individual and industrial customers. The PGNiG Group includes PGNiG SA, as the parent company, and more than a dozen production and service companies operating domestically and internationally - in Denmark, Egypt, Kazakhstan, Norway and Pakistan.

No.4. Synthos SA
http://www.synthosgroup.com/

The company is one of the largest Polish chemical companies, founded in 1946 as *Fabryka Paliw Syntetycznych w Dworach* (Factory of Synthetic Fuels in Dwory, Poland). It was privatized in the 1990s and renamed *Firma Chemiczna Dwory S.A.* (Chemical Factory Dwory SA). In 2004, the company successfully debuted on the WSE. After the acquisition of the Czech firm Kaucuk Kralupy a.s., Dwory changed its name to Synthos SA. So far, the company has established its foreign plants only in the Czech Republic, where it employs almost 50% of its workers. The Group concentrates on manufacturing three types of products: rubber and synthetic latex, styrene plastics, and vinyl and copolymer dispersions. It is the largest manufacturer of rubber emulsions and the third largest manufacturer of polystyrene for foaming applications in Europe.

No.5. Morpol ASA
http://morpol.com/

The company was founded in Ustka on the Baltic coast of Poland by Jerzy Malek in 1996. The original activity was canning cod liver but it rapidly evolved into salmon processing as Jerzy Malek (the owner and the CEO) saw the potential of salmon aquaculture in Norway and the growing demand for smoked salmon in Europe. Morpol's major processing and packaging plant is situated in Poland, together with sales management. Although the headquarters of Morpol has been relocated to Norway before entering the Oslo Stock Exchange in 2010, Poland remained the place where the CEO and the COO carry out the day-to-day management of the Company's activities and where strategic decisions are made. The funding raised from the initial public offering was used to make upstream acquisitions of salmon farming operations. Such activities as well as sales affiliates are located in several countries, *inter alia* in Norway, France, the UK, Italy, Germany, Japan, and the US. Investment in farming operations was also expanded in 2011 and has been continued in 2012. As a result of recent investments, the Morpol Group has become the world's leading processor of salmon and the market leader in smoked and marinated salmon.

No.6. LOTOS Group SA
http://www.lotos.pl/en/

The LOTOS Group was founded in 2003 as a result of the government's decision to merge the Gdańsk Refinery with Petrobaltic, extracting oil from the Baltic Sea, and the local refineries from southern Poland. The company debuted on the stock market in 2005. Over 53% of its shares are owned by the state and the remaining shares are in free float on the WSE. The LOTOS Group is the second largest oil company in Poland, exploiting, processing and distributing oil-based products such as lead-free gasoline, diesel oil, diesel fuel, aviation fuel, engine and industrial oil, asphalt and gases. A nationwide filling station chain operates under the LOTOS brand. The group consists of approximately 30 direct and indirect subsidiaries, including a few abroad. Through its Norway-based subsidiary, the company is present on the Norwegian Continental Shelf, where it carries out oil exploration and exploitation.

No.7. Ciech SA
http://www.ciech.com/

Ciech was established in 1945 as a state-owned company, *Centrala Importowo-Eksportowa Chemikalii i Aparatury Chemicznej* (Chemical Products and Equipment Import-Export Enterprise). In 2005 Ciech was partly privatized and listed on the WSE. Its largest shareholder is the State Treasury (36.7 %), followed by institutional investors, such as Pioneer Pekao Investment Management and Otwarty Fundusz Emerytalny (Open Pension Fund) PZU "Złota Jesień". In 2006, it finalized the acquisition of two chemical synthesis companies, Organika-Sarzyna and Zachem, and of the first foreign manufacturing company, the Romanian soda plant US Govora. As a result, the production capacity of the Ciech Chemical Group almost doubled. The Group is currently one of the leaders in the European chemical market. It comprises more than 30 companies, including 16 located abroad. The main products of the Group are: soda ash (the second largest producer in Europe) and TDI (number 1 on the Polish market), plant protection chemicals and phosphate fertilizers, and other basic chemicals used in the glass, furniture, construction and food industries.

No.8. Bioton SA
http://www.bioton.pl/en

Bioton is a biotechnology company, established in 1989 to manufacture basic pharmaceutical substances. The company started its foreign expansion relatively late, establishing its first affiliate in Russia in 2004. Since then, it been has expanding its activities abroad very quickly. By the end of 2009, Bioton had undertaken several outward M&As, which resulted in the acquisition of a dozen foreign affiliates in over ten countries, including Italy, Singapore, India, South Korea and Australia. The group produces primarily insulin and generic drugs (mainly antibiotics). It also conducts R&D activities and is expanding its product portfolio. The company is building a factory to produce recombinant insulin in India, to be sold in Latin America, the Middle East and North Africa.

No.9. Złomrex SA
http://www.zlomrex.pl/

Złomrex was established in 1990 as a small business focused on the purchase of scrap metal. Due to systematic development, it has expanded the scale of its activities and become the leader of a group comprising manufacturing plants and distribution entities. At present, Złomrex S.A. is a major producer and distributor of steel and steel products, both in Poland and in Central and Eastern Europe. The Group consists of 25 businesses, including 19 abroad.

No.10. Selena FM SA
http://www.selenafm.com/

The Selena Group was founded in 1992 to produce modern construction chemicals: polyurethane mounting foams and silicone sealants. In a relatively short time became a global manufacturer and distributor of a wide range of construction chemicals for professional contractors and home users. Currently, the Group is the world's third largest manufacturer of polyurethane foam used for door and window installation. Since 2008 Selena FM shares have been listed on the WSE. The Group comprises 35 companies located in Poland and overseas, including 12 manufacturing plants (six facilities in Poland and plants in Brazil, South Korea, China, the United States and Turkey).

No.11. Polimex-Mostostal SA
http://www.polimex-mostostal.pl/en

Polimex-Mostostal is an engineering and construction company that has been on the market since 1945. Until 2004 it operated as two separate businesses – Polimex-Cekop and Mostostal Siedlce, which had been privatized before the merger and one of them was also first listed on the stock exchange in 1997. The company provides services as a general contractor for the chemical as well as refinery and petrochemical industries, power engineering, environmental protection, industrial and general construction. It also operates in the field of road and railway construction as well as municipal infrastructure. The largest production plants are located in Poland, but the company operates abroad as well. The export activity is facilitated by an international sales network (agencies or locally registered branch offices) and manufacturing plants in foreign countries.

No.12. Koelner SA
http://www.en.koelner.pl/

The company started business activity as *Tworzywa Sztuczne Krystyna Koelner* (Plastics Krystyna Koelner) in 1982, producing plastic socket wrench handles, buttons and flowerpots. In 2004, Koelner debuted on the WSE. Since then it has become an international holding company, comprising manufacturing and distribution enterprises from 16 countries worldwide. Currently, the company develops innovative solutions for fastening techniques, their design, production and distribution. The Group's product portfolio includes high-quality mechanical fasteners, threaded products, chemical anchors, drills, circular saws, tools and power tools.

No.13. AB SA
http://www.ab.pl/

AB S.A. is one of the largest IT service providers and hardware, software and consumer electronics distributors in Central and Eastern Europe, established in 1993. Five year later the company attracted a financial investor − the Polish Enterprise Fund − which accelerated its market expansion. In 2006, AB SA made its debut on the WSE. In 2007, it purchased a 100% stake in AT Computer Holding a.s., one of the largest IT service providers and electronic equipment distributors in the Czech Republic and Slovakia. With the acquisition of AT Computer Holding, AB has become the owner of personal computers manufacturer and service provider, AT Compus.

No.14. Boryszew SA
http://www.boryszew.com.pl/

The company was established in 1911 as a factory producing art silk. After the Second World War, it was nationalized. Under the communist system, Boryszew was engaged in the production of dental and pharmaceutical materials, radiator liquids, brake fluids and later plastics. In 1991, the company was entirely privatized and since 1996 has been listed on the WSE. In 1999 Boryszew gained a strategic investor, Roman Karkosik, who still controls the company (60.63% of shares). Today, the Boryszew Group, with nearly 30 production and trade entities located on three continents (Europe, Latin America and Asia), becomes a global company. Its main business lines include semi-finished products made of non-ferrous metals and their alloys, car cables for global car manufacturers, ball bearings and chemicals. In 2010, implementing its development strategy aimed at building a strong market position in the automotive sector, Boryszew took control of the Maflow Group. In 2011, it continued the strategy.

No.15. KGHM Polska Miedź SA
http://www.kghm.pl/

KGHM was established in 1961 under the name of *Kombinat Górniczo-Hutniczy Miedzi* (Copper Smelting-Mining Plant), as a state-owned enterprise. In 1991 it was transformed into a joint stock company. Since July 1997 its shares have been listed on the WSE. The state holds 31.79% of the stock. Basic operations of the company are limited to copper ore mining, copper production, and the production of precious metals and other non-ferrous metals. KGHM is the seventh largest producer of refined copper and the second largest silver producer worldwide. The company also owns equity shares in companies involved in diverse activities: health services, tourism, and telecoms. As far as overseas operations are concerned, KGHM is interested primarily in the exploration and exploitation of copper ores in countries associated with low political risk (the investment in Congo in the form of the acquisition of rights to and exploitation of the Kimpe ore deposit resulted in the voluntary liquidation of the Congolese subsidiary in 2006). In 2012, as a consequence of the friendly takeover of Quadra FNX, KGHM has become the owner of copper mines in Canada, the US and Chile, as well as the co-owner of the world-class Sierra Gorda project. The company also has two foreign distribution companies (in Austria and the UK).

No.16. Comarch SA
http://www.comarch.com/

Comarch was founded in 1993 by Professor Janusz Filipiak from the University of Science and Technology (AGH) in Kraków. He has been the president and, since the company debuted on the WSE (1999), also the major shareholder. Comarch is a software house and IT services provider that specializes in innovative IT solutions for the telecommunications and financial services industries, public institutions and non-financial enterprises. Its products and solutions cover billing, network management, ERP systems, IT security, CRM and loyalty management, EDI, sales support, electronic communication and business intelligence. The majority of products offered by Comarch are developed in-house. In its R&D centers it employs over 1,000 people. In 2007-2010, expenditure on R&D exceeded USD 110.5 million. The organizational structure of the Comarch Capital Group comprises a network of subsidiaries located in Poland and abroad, i.e. in Europe, the Americas, the Middle East and East Asia.

No.17. Grupa Kęty SA
http://www.grupakety.com/en/

Kęty was established in 1950 as *Zakłady Metali Lekkich* (Light Metals Plant). In 1992, it was transformed into a sole-shareholder company of the State Treasury. Soon afterwards, it was privatized and then floated on the WSE (1996). The company has no dominant shareholder, its shares being held by several cooperating private financial institutions. The main activity of the Kęty Group is manufacturing aluminum profiles and processing them into intermediate and final products, which are then used in construction, the automotive industry, transportation and accessories for woodwork. Its foreign affiliates, located mainly in European countries (Germany, Ukraine, Russia, the Czech Republic, Romania and the UK), are focused on distribution, with the exception of the production facility in Ukraine.

No.18. Decora SA
http://www.decora.eu

Decora was established in 1994 by a team of four to manufacture ceiling tiles. Within a few years the company expanded to other interior decorating products: ceiling moldings, rosettes, wall insulation and heat reflectors. As Decora started its foreign operations relatively late (in 2005), the majority of its foreign affiliates are distribution-oriented. The only production facility was set up in Belarus to supply the Russian and Ukrainian markets with baseboards. Since 2005 the company has been listed on the WSE.

No.19. Fabryki Sprzętu i Narzędzi Górniczych Fasing SA
http://www.fasing.pl/

The history of Fasing dates back to 1913. The company changed the owner several times and then was nationalized after the Second World War. The enterprise manufactured mostly parts for machinery and equipment, mainly for mining. Since 2000 the company has been listed on the WSE. Today, Fasing is one of the world's largest producers of chains for the mining and power industries, fisheries, the sugar, cement and timber industries. Apart from Poland, the company has manufacturing facilities in China and Germany.

No.20. Ferro SA
http://www.ferrocompany.com/

Ferro was established in the 1990s. The Group operates in the Polish market as well as conducting international sales activities in Romania, France, Ukraine, Belarus, Bulgaria and Russia, among others. The production of the Group is carried out in a plant located in China, 50% of whose shares are owned by Ferro SA. Apart from the head office, the logistic and storage base is situated in Poland. The company debuted on the WSE in 2010. The capital raised in this way allowed Ferro to acquire a Czech company in 2011.

No.21. Sanockie Zakłady Przemysłu Gumowego Stomil Sanok SA
http://www.stomilsanok.com.pl/ukmain.xml

The company started production under the name of SANOK in 1932. Since 1997 it has been listed on the WSE. The company operates primarily in the automotive, construction, industrial and agricultural sectors. It designs, manufactures and distributes products of rubber, rubber-metal and rubber combined with other materials. By 2010, Stomil Sanok established several affiliates abroad, mainly in Russia, Ukraine and Belarus. It announced its plan to expand production to China in 2012.

No.22. Fabryka Farb i Lakierów Śnieżka SA
http://www.sniezka.pl/en/

The history of FFiL Śnieżka dates back to 1984 (in 1990-1998 it operated under the name of *Chemal S.c. Fabryka Farb i Lakierów* – Paints and Varnishes Plant – in Brzeźnica). The high demand for products manufactured by the plant prompted the owners to set up two further manufacturing subsidiaries – in Lubzina (1993) and Pustków (1994). Production in its first foreign plant started in 2000 in Ukraine and two years later in Belarus. Śnieżka has treated Eastern Europe as a key market. In 2003 the shares of *Śnieżka* Paints and Varnishes Plant S.A. appeared on the WSE. The company is planning further expansion in foreign markets (production and distribution); among others it intends to build a new paint factory in Romania.

No.23. Relpol SA
http://www.relpol.com.pl/en/

Relpol has been operating in the electrotechnical industry since 1958. In 1996 it made its debut on the WSE. The company manufactures electromagnetic relays and relay sockets, widely used in electric circuit control of various machines and equipment, vehicles, domestic appliances and electronics. Apart from two plants located in Poland, the company owns two production plants abroad (in Ukraine and Lithuania) and several distribution-oriented affiliates in other European countries.

No.24. Aplisens SA
http://www.aplisens.pl/en/

The company was founded in 1992 by six workers of the Industrial Research Institute for Automation and Measurements PIAP. At that time it concentrated on electronic pressure and differential pressure measurement technology. Today, the Aplisens Group has design, production and distribution affiliates in several European countries. It regards the CIS countries as strategic markets, given their demand for investment in modernizing heavy industries in particular.

No.25. Bakalland SA
http://www.bakalland.pl/en.html

Bakalland SA was established in 1994 by a team of three to produce and distribute fresh and then dried fruit. Currently, it is focused on the production, processing and trade in raisins, dried fruit, nuts, grains and seeds. In 2006, the company entered the WSE. The funds from the issue of securities were used for undertaking its planned acquisitions. In respect of international expansion, Bakalland established its foreign affiliates in Ukraine and the Czech Republic, but the latter is currently in liquidation.